United Nations Convention on the Law of the Sea SPLOS/128

# Meeting of States Parties

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## Budget performance for 2004

**(Presented by the Registrar)**

## I. Report on action taken pursuant to the decision on budgetary matters for 2004 taken by the fourteenth Meeting of States Parties[1]

### A. Introduction

1. The fourteenth Meeting of States Parties decided that "[i]n the event that the Tribunal is unable to meet approved expenditures for 2004 from appropriations made with respect to the budget lines 'Established posts' and 'Common staff costs'", the Registrar would be authorized "to incur expenditures to the extent that the shortfall in appropriations results from unforeseeable increases in daily subsistence allowance (DSA), salary costs and common costs, as applied within the United Nations common system" (SPLOS/118, para. 1). It also decided that "[i]n the event that the Tribunal is unable to meet approved expenditures for 2004 from appropriations made in the budget line 'Maintenance of premises'", the Registrar would be authorized "to incur expenditures to the extent that the shortfall in appropriations results from exchange rate fluctuations" (SPLOS/118, para. 2). It further authorized the Tribunal to finance such overexpenditures by transfers between appropriation sections as far as possible and, if necessary, by using the savings from the financial period 2002 up to US$ 500,000 (SPLOS/118, para. 3). The Meeting of States Parties also decided that the Registrar should report to the fifteenth Meeting of States Parties on any action taken pursuant to the decision.

### B. Overexpenditures

2. As shown in the provisional expenditure report 2004 (see annex), expenditure under the section "Staff costs" in 2004 amounted to US$ 3,749,369. This exceeds

[1] The present report is submitted to the Meeting of States Parties in accordance with the decision of the Meeting of States Parties as contained in document SPLOS/118.

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the amount appropriated (US$ 3,276,600) by US$ 472,769. It may be noted, however, that the overexpenditure on the three budget lines "Established posts" (US$ 397,603), "Common staff costs" (US$ 104,057) and "Overtime" (US$ 1,124) was in part financed by savings (US$ 30,015) under the same section "Staff costs". The increase in expenditure relative to the amount appropriated under the approved budget for 2004 results from the factors referred to in document SPLOS/L.38 of 15 April 2004 (exchange rate fluctuations between the United States dollar and the euro and increases in the standard cost for staff and common staff costs, as applied within the United Nations common system). In particular, the appreciation of the euro against the United States dollar from 1.076 in March 2003, when the budget proposals for 2004 were prepared, to 1.326 in December 2004 has resulted in a level of expenditure with respect to staff costs that exceeds substantially the level of appropriations made in the budget 2004. As a consequence, the overexpenditure in the section "Staff costs" amounts to US$ 472,769.

3. Expenditure under the section "Miscellaneous services and charges (including bank charges)" in 2004 amounted to US$ 23,277 which exceeds the amount appropriated (US$ 20,000) by US$ 3,277. This overexpenditure resulted from the stronger euro against the United States dollar in the financial year 2004, compared to March 2003 when the budget proposals for 2004 were prepared (see para. 2 above). This overexpenditure remains, however, within the approved budget provision under the section "Operating expenditures" and was financed by savings from other budget lines under the same section.

4. It may be noted that expenditures in the budget lines "Special allowances" and "Judges' pension scheme" under the section "Remuneration of judges" amounted to US$ 376,506 and US$ 67,754. "Special allowances" exceed the amount appropriated (US$ 360,100) by US$ 16,406. This overexpenditure was mainly due to the increase in the daily subsistence allowance (DSA) rate applicable to Hamburg in relation to the appreciation of the euro against the United States dollar. "Judges pension scheme" exceeds the amount appropriated (US$ 67,700) by US$ 54, which is minimal. The overexpenditures in these two budget lines remain, however, within the approved budget provision under the section "Remuneration of judges" and were financed by savings from other budget lines under the same section.

5. It may also be noted that expenditure in the budget line "Overtime" in 2004 under "Case-related costs" amounted to US$ 18,815, which exceeds the amount appropriated (US$ 14,000) by US$ 4,815. This overexpenditure resulted from the greater overtime requirements during the *Juno Trader Case*, particularly during weekends in November and December 2004, as well as from the stronger euro against the United States dollar during the case in comparison to March 2003 when the budget proposals for 2004 were prepared (see para. 2 above). This overexpenditure could be financed by savings from the same section "Staff costs" under "Case-related costs".

## C. Action taken by the Tribunal

6. In accordance with the decision of the Meeting of States Parties, the Tribunal at its nineteenth session decided to finance the overexpenditure for "Staff costs" (US$ 448,530) by transfer between appropriation sections as follows:[2]

| *Appropriation sections* | *Appropriation* | *Expenditure* | *Difference before transfer* | *Transfer* | *Difference after transfer* |
|---|---|---|---|---|---|
| Staff costs | 3 276 600 | 3 749 369 | -472 769 | 472 769 | 0 |
| Case-related costs (judges) | 897 400 | 385 419 | 511 981 | -472 769 | 36 212 |
| **Total US$** | **4 174 000** | **4 134 788** | **39 212** | **0** | **39 212** |

7. There was no need to finance the overexpenditure by using the savings from the financial period 2002.

# II. Report on action taken pursuant to the Financial Regulations of the Tribunal

## A. Investment of funds of the Tribunal

8. In respect of investment of funds of the Tribunal, regulation 9 of the Financial Regulations of the Tribunal, which became effective on 1 January 2004, stipulates as follows:

> "9.1 The Registrar may make prudent short-term investments of moneys not needed for immediate requirements and shall inform the Tribunal and the Meeting of States Parties periodically of such investments.
>
> "9.2 Income derived from investments shall be credited to miscellaneous income or as provided in the rules relating to each fund or account."

9. During the financial year 2004, the Tribunal's funds were kept in Deutsche Bank and Chase Bank as short-term investments, which "are investments made for less than 12 months", according to rule 109.1 of the Financial Rules of the Tribunal, which became effective 1 January 2005. The funds yielded interests that amounted to US$ 14,907.26 and €2,811.52 during 2004. These interests earned have been credited to miscellaneous income in accordance with regulation 9.2 of the Financial Regulations of the Tribunal.

## B. Korea International Cooperation Agency trust fund

10. Korea International Cooperation Agency (KOICA) offered to provide a grant of US$ 150,000 pursuant to a memorandum of understanding signed between the Tribunal and the Agency on 9 March 2004. It is aimed at financing expenses of participants from developing countries in the Tribunal's internship programme.

[2] All figures are provisional.

11. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal, a trust fund was subsequently established and a special euro bank account named "KOICA Grant" was created with Deutsche Bank for this purpose. When the funds amounting to US$ 150,000 were received from the Agency in March 2004, this amount was converted into €120,600 on the basis of the United States dollar/euro exchange rate of 0.804 fixed by the United Nations for March 2004.

12. The Tribunal submits the performance of the Korea International Cooperation Agency grant as of 31 December 2004 to the Meeting of States Parties in accordance with regulation 6.5 of the Financial Regulations of the Tribunal:

**Korea International Cooperation Agency grant performance in euros**

| | |
|---|---|
| Opening balance | 120 600.00 |
| Gain on exchange | 2 431.50 |
| **Total** | **123 031.50** |
| Expenditure on participants and authorized activity | 28 995.09 |
| Bank charges | 143.62 |
| **Bank balance** | **93 892.79** |
| Unliquidated obligations | 4 125.00 |
| **Available balance** | **89 769.79** |

# Annex

## Provisional expenditure report 2004

(Expressed in United States dollars)

| | Part | Section | Objects of expenditure | Approved budget 2004 | Disbursements | Unliquidated obligations | Expenditure | Balance | Total exp./ appr. Budget percentage | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | I | | **RECURRENT EXPENDITURE** | | | | | | | |
| 2 | | 1 | **Remuneration of judges** | 1 862 100 | | | 1 804 871 | 57 229 | | 1 |
| 3 | | | **Annual allowances** | 1 298 300 | 1 241 560 | | 1 241 560 | 56 740 | 95.63 | 2 |
| 4 | | | Special allowances | 360 100 | 376 506 | | 376 506 | -16 406 | 104.56 | 3 |
| 5 | | | **Travel of judges to meetings** | 130 000 | 114 142 | | 114 142 | 15 858 | 87.80 | 4 |
| 6 | | | Judges' pension scheme | 67 700 | 67 754 | 0 | 67 754 | -54 | 100.08 | 5 |
| 7 | | | **Insurance scheme** | 6 000 | 4 909 | | 4 909 | 1 091 | 81.82 | 6 |
| 8 | | 2 | **Staff Costs** | 3 276 686 | | | 3 749 389 | -472 788 | | 7 |
| 9 | | | Established posts | 2 073 600 | 2 427 556 | 43 647 | 2 471 203 | -397 603 | 119.17 | 8 |
| 10 | | | **Common staff costs** | 932 100 | 998 770 | 40 387 | 1 039 157 | -104 057 | 111.16 | 9 |
| 11 | | | Overtime | 21 000 | 21 738 | 386 | 22 124 | -1 124 | 105.35 | 10 |
| 12 | | | **Temporary assistance for meetings** | 114 900 | 97 487 | | 97 487 | 17 413 | 84.85 | 11 |
| 13 | | | General temporary assistance | 100 000 | 77 223 | 10 255 | 87 478 | 12 522 | 87.48 | 12 |
| 14 | | | **Training** | 35 000 | 32 234 | 2 686 | 34 920 | 80 | 99.77 | 13 |
| 15 | | 3 | **Representation allowance** | 7 600 | 7 600 | 0 | 7 600 | 0 | 100.00 | 14 |
| 16 | | 4 | **Official travel** | 98 700 | 74 170 | 5 517 | 79 687 | 11 013 | 87.85 | 15 |
| 17 | | 5 | **Hospitality** | 7 100 | 6 972 | 0 | 6 972 | 128 | 98.20 | 16 |
| 18 | | 6 | **Operating expenditures** | 1 415 798 | | | 1 383 466 | 32 295 | | 17 |
| 19 | | | Maintenance of premises (incl. facility management and contractual services) | 1 032 000 | 960 019 | 66 472 | 1 026 491 | 5 509 | 99.47 | 18 |
| 20 | | | **Rental & maintenance of equipment** | 177 500 | 165 715 | 7 071 | 172 786 | 4 714 | 97.34 | 19 |
| 21 | | | Communications | 103 500 | 77 185 | 7 664 | 84 849 | 18 651 | 81.98 | 20 |
| 22 | | | **Misc. services & charges (incl. bank charges)** | 20 000 | 23 277 | 0 | 23 277 | -3 277 | 116.39 | 21 |
| 23 | | | Supplies and materials | 65 000 | 54 953 | 8 848 | 63 801 | 1 199 | 98.16 | 22 |
| 24 | | | **Special services (external audit)** | 17 700 | 0 | 12 201 | 12 201 | 5 499 | 68.93 | 23 |
| 25 | | 7 | **Library & related costs** | 175 000 | | | 170 949 | 4 051 | | 24 |
| 26 | | | **Library - procurement of books and publications** | 120 000 | 91 969 | 27 036 | 119 027 | 973 | 99.19 | 25 |
| 27 | | | External printing and binding | 55 000 | 21 629 | 30 293 | 51 922 | 3 078 | 94.40 | 26 |
| 28 | | | | | | | | | | 27 |
| 29 | II | | **NON-RECURRENT EXPENDITURE** | | | | | | | 28 |
| 30 | | 8 | **Furniture and equipment** | | | | | | | 29 |
| 31 | | | Purchase of equipment | 95 800 | 44 227 | 48 971 | 93 198 | 1 602 | 98.10 | 30 |
| 32 | | | | | | | | | | 31 |
| 33 | III | | **CASE-RELATED COSTS** | 1 109 200 | | | 555 980 | | 50.12 | 32 |
| 34 | | 9 | **Judges** | 697 400 | | | 385 419 | 311 981 | | 33 |
| 35 | | | Special allowances | 716 800 | 0 | 324 131 | 324 131 | 392 669 | 45.22 | 34 |
| 36 | | | **Compensation to judges ad hoc** | 43 600 | 0 | | 0 | 43 600 | 0.00 | 35 |
| 37 | | | Travel to meetings, incl. judges ad hoc | 137 000 | 47 511 | 13 777 | 61 288 | 75 712 | 44.74 | 36 |
| 38 | | 10 | **Staff Costs** | 211 800 | | | 170 561 | 41 239 | | 37 |
| 39 | | | Temporary assistance for meetings | 197 800 | 42 168 | 109 578 | 151 746 | 46 054 | 76.72 | 38 |
| 40 | | | Overtime | 14 000 | 0 | 18 815 | 18 815 | -4 815 | 134.39 | 39 |
| 41 | | 11 | **Miscellaneous** | 0 | 0 | | 0 | 0 | | 40 |
| 42 | | | | | | | | | | 41 |
| 43 | IV | | **WORKING CAPITAL FUND** | 0 | 0 | | 0 | 0 | 0.00 | 42 |
| 44 | | | | | | | | | | 43 |
| 45 | IV | | **TOTAL** | 8 039 060 | 7 074 294 | 777 737 | 7 852 031 | 186 969 | 97.67 | 44 |